

AMENDED IN SENATE JUNE 30, 2011

AMENDED IN ASSEMBLY MAY 23, 2011

AMENDED IN ASSEMBLY APRIL 14, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1248

Introduced by Assembly Member Hueso

February 18, 2011

An act to add Section 7500.5 to the Government Code, relating to local public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1248, as amended, Hueso. Local public employees' retirement.

Existing law authorizes the creation of retirement systems for public employees by counties, cities, and districts. The California Constitutional authorizes charter cities to establish pension plans under their respective independent constitutional authority.

This bill would require a local public employer to provide coverage under the federal social security system to all employees who are not covered under a defined benefit plan, *except as specified*.

The bill would also express a legislative finding and declaration that federal social security coverage of local employees is an issue of statewide concern ~~and not a municipal affair~~, and that therefore, all cities *and counties*, including charter cities *and counties*, would be subject to the provisions of the bill.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 7500.5 is added to the Government Code, to read:

7500.5. (a) For the purposes of this section, the following definitions shall apply:

(1) "Federal system" means the old age, survivors, disability, and health insurance provisions of the federal Social Security Act (42 U.S.C. Sec. 301 et seq.).

(2) "Local public employer" means a city, county, and city and county, including a charter city, charter county, and charter city and county.

(b) A local public employer shall provide coverage under the federal system to all employees who are not covered under a defined benefit plan.

(c) *The requirements of this section shall not apply with regard to replacing or changing an employer's alternate benefit plan for part-time, seasonal, and temporary employees that was in place on July 1, 2011.*

(d) *The requirements of this section shall not apply with regard to replacing or changing an employer's defined contribution plan that was in place on July 1, 2011, unless the defined contribution plan will replace or change the employer's existing defined benefit plan.*

SEC. 2. The Legislature finds and declares ~~that to protect all of the following:~~

(a) *A defined contribution retirement system is susceptible to extreme volatility, requires an employee to bear a significant amount of market risk, and provides less stability and security than a defined benefit retirement system. This risk and volatility is of particular concern for employees who are not provided a safety net through coverage under the federal Social Security Act.*

(b) *The state has an interest in ensuring that public employees have a basic safety net to rely on in retirement. In the absence of this safety net, the state may be called upon to provide benefits to retired employees who are unable to care for themselves.*

(c) *Accordingly, protecting the general welfare of the residents of this state; by ensuring federal social security coverage of local employees is an issue of statewide concern and not a municipal affair, as that term is used in Section 5 of Article XI of the*

- 1 ~~California Constitution.~~ Therefore, this act shall apply to all cities
- 2 *and counties*, including charter cities *and charter counties*.

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